



# INVESTIGATIVE REPORT

Cynthia V. Carrasco, Inspector General

OFFICE: INDIANA BUREAU OF MOTOR VEHICLES (BMV)

TITLE: BMV POST-EMPLOYMENT

CASE ID: 2015-08-0125

DATE: AUGUST 31, 2016

*Inspector General Cynthia V. Carrasco, after an investigation by Special Agent Charles Coffin, reports as follows:*

On August 5, 2015, Governor Mike Pence sent a written letter to the Office of Inspector General (“OIG”) requesting that the OIG conduct an investigation regarding former Indiana Bureau of Motor Vehicle (“BMV”) employees accepting employment with ExpressMVA (“Express”), a BMV vendor, in possible violation of Indiana ethics laws. The OIG launched an investigation, which Special Agent Charles Coffin conducted.

The Indiana General Assembly has charged the OIG with addressing fraud, waste, abuse, and wrongdoing in agencies. IC 4-2-7-2(b). The OIG also investigates criminal activity and ethics violations by state employees. IC 4-2-7-3.

The OIG interviewed multiple witnesses, reviewed numerous computer files and other records, and conducted legal research. The investigation revealed that the former Chief of Staff for the BMV (the “Employee”) had (1) negotiated and/or administered a contract with Express; (2) was in a position to make a discretionary decision affecting the outcome of the negotiation and/or nature of the administration of the contract; and (3) accepted employment and began receiving compensation from Express on July 14, 2014, only nine (9) days after leaving state

employment.

**I. THE EMPLOYEE**

The Employee began state employment at the BMV in May 2005 and served as the Chief of Staff for the agency from April 2010 until May 6, 2013, when he left to become the Chief of Staff of the Indiana Family and Social Services Administration (“FSSA”). His last day of state employment was July 5, 2014. As Chief of Staff for the BMV, the Employee was the senior executive responsible for all BMV operations, strategy and planning, policy, finance, information technology, and human resources. He had authority to enter into contracts with third parties on behalf of the agency and had in fact signed numerous contracts on behalf of the BMV during his tenure with the agency.

As a state employee, the Employee was subject to the Code of Ethics (“Code”). According to the State Ethics Commission’s (“Commission”) training records, the Employee completed the required state ethics training, which addresses the Post-Employment rule, on the following dates: April 24, 2008, April 23, 2010, and May 21, 2012.

**II. THE EMPLOYEE NEGOTIATED AND ADMINISTERED THE CONTRACT AND WAS IN A POSITION TO MAKE DISCRETIONARY DECISIONS**

**A. The Original Contract with Express**

Pursuant to IC 9-16-1-4.5, the BMV entered into contracts with five private companies, also known as partial service branch providers (“PSBs”). The PSB program is more formally known in the BMV as the Strategic Partners Program. This program allows the contracted companies to charge customers a convenience fee for providing services traditionally available only through the BMV. Express was one of these five companies.

Contract EDS #A47-1-340-029 (the “Contract”) allowed Express to open one office,

located in Indianapolis, Indiana, to provide limited titling services to the public. The Contract specifically delineated the terms by which Express was to provide these services. Although the Contract was signed by one of the Co-Owners of Express on October 1, 2010, and by the BMV Commissioner for the State on October 8, 2010, the investigation revealed that the Employee was highly involved in the contract negotiations.

The investigation further revealed that the Employee was included on various emails related to Express' performance under the Contract and that he was involved in the administration of the Contract.

### **B. Amendment # 1 to the Contract**

The Employee signed Amendment #1 to the Contract ("Amendment #1") for the BMV on May 24, 2012. Amendment #1 allowed Express to increase its customer base by opening up an additional office in Evansville, Indiana. In addition, it allowed Express to provide services to clients via secure fax for an additional fee. Specifically, unlike the original Contract, which required that Express have original documents to process transactions, Express would now be able to process transactions for clients who delivered title application(s) and supporting documents to Express locations via fax. The investigation revealed that the Employee was included in and participated in conversations and meetings related to the negotiation of the terms of Amendment #1 in the months leading up to the execution of the amendment. Emails demonstrate that the Employee was in a position to make and did in fact make discretionary decisions affecting the administration of the Contract.

### **III. THE EMPLOYEE ACCEPTED EMPLOYMENT WITH EXPRESS LESS THAN 365 DAYS AFTER LEAVING STATE EMPLOYMENT**

The Employee continued to have contact with Express after leaving the BMV and while working at FSSA. Specifically, the Employee met with one of the Co-Owners of Express for lunches and attended sporting events together on a couple of occasions.

The Employee's last day at the BMV was May 3, 2013. He commenced employment at FSSA on May 6, 2013, where he served as Chief of Staff at a salary of \$125,000 until July 6, 2014, when he resigned from FSSA. He began employment with Express as its Chief Operations Officer, a newly created position, on July 14, 2014. His salary at Express was \$65,000 with the use of a company vehicle.

The Employee continued to communicate with staff from the BMV after leaving state employment. Specifically, he met with a BMV employee two weeks after he began his new position at Express to discuss a potential contract idea. The Employee ceased further communication with the BMV after he was advised by the agency Ethics Officer that the BMV Commissioner had instructed relevant BMV personnel not to discuss matters related to contracts between the BMV and Express with the Employee because he "took a personal and substantial role in negotiating Express' contract with the BMV, including signing Amendment #1, and working with Express on the scope and terms of the contract" during his tenure with the agency.

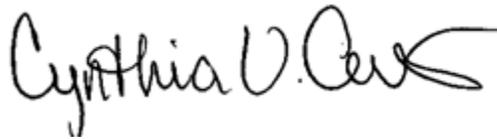
Express placed the Employee on administrative leave after news of alleged ethics violations surfaced in August 2015. The BMV subsequently notified Express that its contract would not be renewed upon expiration in October 2015. The BMV was Express' only client. Express terminated the Employee soon thereafter and the company dissolved.

The OIG filed an ethics complaint against the Employee alleging the he violated 42 IAC 1-5-14, the Post-Employment rule. The Commission found probable cause to support the

complaint. The OIG and the Employee reached a settlement agreement, which was submitted to the Commission for approval. The Commission approved the settlement agreement during their June 9, 2016 meeting and assessed a fine to the Employee, which has been paid in full. Accordingly, this investigation is closed.

Dated this 31st of August, 2016.

APPROVED BY:

A handwritten signature in black ink, appearing to read "Cynthia V. Carrasco", with a stylized flourish at the end.

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Cynthia V. Carrasco, Inspector General